

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

C O N F I D E N T I A L STATE 084584

FOLLOWING REPEAT QUITO 2665 ACTION SECSTATE INFO GUAYAQUIL
SAN SALVADOR 22 APR

QUOTE

C O N F I D E N T I A L QUITO 2665

SAN SALVADOR FOR LOS TEAM

E.O. 11652: GDS

TAGS: EFIS, EC, US

SUBJECT: FISHERIES TALKS

REF: STATE 80273

1. REFTEL INDICATES INDUSTRY WILLINGNESS TO TALK TO
ECUADOREANS "IF THERE IS ANY CONCRETE EVIDENCE THAT GOE
SERIOUSLY WANTS AN AGREEMENT". WE FEEL THAT DEPARTMENT
CAN ASSURE INDUSTRY REPS THAT GOE IS INDEED SERIOUSLY
INTERESTED IN AN ASSOCIATION WITH THE US TUNA INDUSTRY.
PRESIDENT RODRIGUEZ HIMSELF HAS TOLD US SO AND, AS RECENTLY
AS APRIL 12, HE REITERATED THIS POINT TO A VISITING
AMERICAN WHO REPORTED HIS REMARKS TO THE AMBASSADOR (QUITO
2649). ON A LESSER LEVEL, NATURAL RESOURCES MINISTER JARRIN
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HAS GONE OUT OF HIS WAY TO MAKE THIS SAME POINT -- SPECIFICALLY

TO CONGRESSMAN FASCELL WHEN HE WAS VISITING QUITO. SO HAS UNDERSECRETARY FOR FISHERIES RIVADENEIRA, ON VARIOUS OCCASIONS. AND SO HAS VICENTE TAMIRIZ, WHO IS DIRECTOR OF THE NATIONAL FISHERIES ENTERPRISE (EPNA). ADDITIONALLY, TAMARIZ HAS MADE A NUMBER OF TRIPS TO SAN DIEGO OVER THE PAST YEAR FOR THE SPECIFIC PURPOSE OF INTERESTING US COMPANIES IN ASSOCIATION WITH EPNA. AT ALL RESPONSIBLE LEVELS OF THE GOE WE HAVE CONSISTENTLY BEEN TOLD THAT, SINCE ECUADOR DESIRES TO DEVELOP ITS TUNA INDUSTRY, AND SINCE THE US INDUSTRY IS THE MOST ADVANCED, THE GOE WOULD STRONGLY FAVOR A MUTUALLY BENEFICIAL ASSOCIATION WITH THE US INDUSTRY. WE BELIEVE THEY MEAN IT.

2. WE ALSO REALIZE, OF COURSE, THAT THE GOE HAS NOT EXACTLY BEEN FALLING ALL OVER ITSELF IN RECENT WEEKS TO GET FISHING TALKS STARTED. A VERY STRONG FACTOR, WE BELIEVE, HAS BEEN THE LACK, SO FAR, OF ANY INDICATION OF WHAT THE LIFTING OF FMS PROHIBITIONS MAY MEAN IN CONCRETE TERMS TO THE ECUADOREAN NAVY. A USAF EQUIPMENT SALES TEAM IS ALREADY HERE, AN ARMY TEAM IS ON THE WAY, AND THEIR LOCAL SERVICE COUNTERPARTS ARE DELIGHTED. NOT SO THE NAVY WHICH, LET IT BE REMEMBERED, CONTROLS FISHERIES POLICY AND IS STILL WAITING TO HAVE ITS HARDWARE ASPIRATIONS SATISFIED. SOME MOVEMENT ON THIS FRONT MAY BE A VITAL QUID PRO QUO FOR THE START OF TALKS.

3. AS FOR DETAILS OF WHAT THE ECUADOREANS WANT, IN THE FISHERIES FIELD, THESE ARE LESS ABUNDANT, BUT THIS IS ENTIRELY NATURAL. THE GOE IS, AFTER ALL, NEW AT THE FISH GAME, LACKS PRACTICAL EXPERIENCE AND, AS AN APPARENT RESULT, SEEMS UNWILLING, OR UNABLE, OR POSSIBLY EVEN AFRAID TO TAKE THE INITIATIVE BY ADVANCING ANY CONCRETE PROPOSAL. RATHER, THEY SEEM TO PREFER TO HAVE OTHERS INITIATE THE BIDDING, TO WHICH THEY COULD THEN RESPOND. IN SHORT, MAKE THEM AN OFFER. WE BELIEVE THAT TO DO SO WOULD CRYSTALLIZE GOE THINKING BY FORCING IT TO CONCENTRATE ON CONCRETE PROPOSALS. IT WOULD BE THE BASIS FOR A DIALOG THROUGH WHICH THE US INDUSTRY COULD SOON

DISCOVER IF ITS OWN REQUIREMENTS WOULD BE MET.
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RM ALTHOUGH OFFICIAL THINKING HERE SEEMS LARGELY UNFORMED, CERTAIN TRENDS ARE CLEARLY VISIBLE. ECUADOR WISHES TO ESTABLISH A MODERN, INTEGRATED FISHING INDUSTRY BASED ON, BUT NOT LIMITED TO, TUNA. TO HAVE THIS, SHE NEEDS INFRASTRUCTURE: AN EXPORT MARKETING ORGANIZATION, PROCESSING PLANTS, A TUNA FLEET AND -- ABOVE ALL -- TRAINED PERSONNEL, BOTH ASHORE AND AFLOAT. THIS IS A

LONG-TERM DREAM, ONE WHICH, IT MIGHT BE ADDED, MAY NEVER ACHIEVE COMPLETE REALIZATION. IN THE INTERIM, ECUADOR WANTS TO ATTRACT FOREIGNERS WHO CAN FULFILL SOME OF THESE REQUIREMENTS, ESPECIALLY THROUGH INVESTMENT AND EXPERTISE IN THE PROCESSING FIELD, AND THE TRAINING OF PERSONNEL TO MAN A MODEST-SIZED OFFSHORE FISHING FLEET. WHAT ECUADOR HAS TO OFFER IS FISH AT ADVANTAGEOUS TERMS.

5. BEYOND THIS POINT IT WOULD SEEM TO BE A MATTER OF NETOTIATION. PRESIDENT RODRIGUEZ HAS FAVORABLY MENTIONED THE POSSIBILITY OF A "MIXED" (JOINT-VENTURE) AND INTEGRATED ENTERPRISE WHICH WOULD ENGAGE IN ALL THREE PHASES OF THE INDUSTRY: CAPTURE, PROCESSING AND SALES. IT IS BY NO MEANS CERTAIN, HOWEVER, THAT THE GOE WOULD HOLD OUT FOR THIS FORMAT. EPNA HEAD TAMARIZ IS AN ESPECIALLY PRAGMATIC TYPE, ANXIOUS TO MOVE AHEAD, AND WOULD PROBABLY BE STRONGLY ATTRACTED BY ANY SCHEME, SHORT OR LONG RANGE, WHICH PROMISED TO LAND MORE FISH IN ECUADOR, THUS STIMULATING THE LOCAL PROCESSING AND EXPORT INDUSTRY, AND WHICH CREATED THE NUCLEUS OF A NATIVE HIGH-SEAS FLEET BY PROVIDING JOB EXPERIENCE FOR ECUADOREAN FISHERMEN.

6. AS FOR THE SPECIFIC OBJECTIONS RAISED BY INDUSTRY (PARA 2 REFTEL), WE ARE UNABLE TO PROVIDE EITHER INFORMATION OR ASSURANCES. SUCH INFORMATION AND ASSURANCES CAN ONLY COME FROM THE GOE, AND ONLY THROUGH FACE-TO-FACE DISCUSSIONS WITH THE RESPONSIBLE POLICY AND INDUSTRY OFFICIALS. IF THE TERMS OFFERED ARE INSUFFICIENT TO SATISFY THE DOUBTS OF US INDUSTRY REPS, THEY CAN SIMPLY LEAVE THE DISCUSSIONS AND NOT BE ANY WORSE OFF THAN BEFORE. BUT NOT TO TEST THE WATER SIMPLY FOR FEAR IT MAY BE TOO COLD BORDERS ON THE CHILDISH.

7. NEVERTHELESS, WITHOUT ATTEMPTING TO PREDICT GOE OR LOCAL INDUSTRY REACTIONS, WE OFFER THE FOLLOWING
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CONSIDERATIONS ON THE THREE POINTS MENTIONED REFTEL.
(A) CANNERS - FACT THAT DEL MONTE AND STOKELY/VANCAMP ARE ALREADY DOING BUSINESS IN ECUADOR DOES NOT SEEM TO HAVE ANY PARTICULAR BEARING ON A POTENTIAL ASSOCIATION WITH EPNA -- OR WITH ANY PRIVATE ECUADOREAN FIRM (LET US NOT LOSE SIGHT OF THAT POSSIBILITY). IF ONE OR MORE US CANNERS ENTER INTO AN ASSOCIATION, SAY WITH EPNA, AND PUT UP RISK CAPITAL FOR A JOINT-VENTURE PACKING AND/OR FREEZING PLANT, THEN WHY SHOULD THESE COMPANIES NOT REAP THE BENEFITS OF THEIR INITIATIVE TO THE DISADGANTAGE OF THOSE WHO HELD BACK. THIS IS IN EFFECT, THE SITUATION WHICH ALREADY PREVAILS WITH REGARD TO THE CATCH OF THE LOCALLY-BASED FLEET. IT IS SOLD, UPWARDS OF 20,000 TONS PER

YEAR, TO EXISTING LOCAL PROCESSORS, TWO OF WHOM HAPPEN TO BE US-OWNED. DOES THIS MEAN THAT THE REST OF OUR INDUSTRY IS

DISCRIMINATED AGAINST?

(B) BOAT OWNERS - THE PRESENT GOE HAS SET, AND SO WILL MOST PROBABLY ANY SUCCESSOR GOVERNMENT, THE GOAL OF ESTABLISHING A ECUADOREAN FISHING FLEET, SO AS TO MORE PROFITABLY EXPLOIT OFFSHORE RESOURCES. PRESENT THINKING, STILL IMPERFECTLY DEFINED, CALLS FOR A CATCH CAPACITY OF UP TO HALF THE FEASIBLE CATCH IN CLAIMED ECUADOREAN WATERS, OR PERHAPS SOME 20-30 MODERATE-SIZED BOATS. ECUADOR NOW HAS CHANGE IN ITS POCKETS, THANKS TO

OIL, AND IS IN A POSITION TO BUY THE PHYSICAL PLANT AND, IF IT CHOOSES, BUY THE EXPERTISE TO CREATE A NATIVE FLEET. THIS IS NO PIPE-DREAM: THE CUBANS, WITH FAR FEWER RESOURCES, HAVE DONE AS MUCH AND MORE IN RECENT YEARS. THE ECUADOREANS RECOGNIZE THE LEADING POSITION OF US INDUSTRY AND WOULD RATHER GO WITH THE BEST. OF THIS THEY MAKE NO SECRET. BUT IF THEY CAN'T GET WHAT THEY WANT IN SAN DIEGO, THEY WILL SURELY FIND IT ELSEWHERE - SPAIN FOR EXAMPLE, OR JAPAN, EVEN POLAND. THE POINT IS, IF ECUADOR DESIRED TO EVOLVE AND EXCLUSIVE FISHING ZONE, THEY WOULD DO IT ANYWAY, REGARDLESS OF US HELP. HOWEVER, IN SPITE OF SIGNIFICANT SENTIMENT IN THAT DIRECTION DURING THE FORMATIVE STAGES OF PRESENT GOE POLICY, THERE IS NOW NO EVIDENCE OF AN INTENTION TO RESERVE MORE THAN A PART OF THE LOCAL CATCH FOR ECUADOREAN BOATS. THERE MAY, INDEED, BE FUTURE RESTRICTIONS ON FOREIGN-FLAG

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BOATS TO GUARANTEE THAT SHARE. BUT DO THE SAN DIEGO CAPTAINS THINK THEIR FATE WOULD BE EASIER OUTSIDE, RATHER THAN INSIDE, AN ASSOCIATION AGREEMENT? WHAT IS THE ALTERNATIVE? THE MOST LIKELY WAY TO ASSURE A LONG-TERM FUTURE OFF ECUADOR, IT SEEMS TO US, WOULD BE FOR US INDUSTRY TO GET IN ON THE GROUND FLOOR AND ESTABLISH A LASTING RELATION WITH THE LOCAL INDUSTRY.

(C) LABOR - WE FAIL TO UNDERSTAND THE BASIS OF LABOR'S CONCERNS. WHAT THE ECUADOREANS ENVISAGE IS THE CREATION OF A SMALLISH FLEET, DEDICATING ITSELF TO OFFSHORE RATHER THAN WORLD-WIDE FISHING. THEY WOULD LIKELY WISH TO TRAIN SOME OF THEIR OWN MEN ON BOARD US BOATS WHILE THEY ARE FISHING OFF ECUADOR. THE NUMBER OF CANDIDATES WOULD CERTAINLY BE SMALL, AND IT IS HARD TO IMAGINE ANY SITUATION WHERE THIS WOULD POSE A THREAT TO AMERICAN LABOR. BUT, ONCE AGAIN, SUFFICIENT GUARANTEES COULD BE MADE PART OF THE NEGOTIATIONS.

8. IN CONCLUSION, WE WOULD LIKE TO EMPHASIZE THAT THE OUTCOME OF FISHING TALKS OF COURSE CANNOT BE PROPHESED, ALTHOUGH WE KNOW THE GOE IS INTERESTED IN SOME FORM OF AGREEMENT AND THIS SEEMS THE MOST PRODUCTIVE AVENUE PRESENTLY OPEN TO US. BUT IF NO AGREEMENT RESULTS WE BELIEVE, AS WE HAVE SAID, THAT THERE ARE OTHER EFFECTIVE ALTERNATIVES WHICH CAN AND SHOULD BE EXPLORED.

THE FIRST OF THESE IS A "CONSERVATION" AGREEMENT, ALONG THE
LINES SUGGESTED IN THE EBASSY'S A-146 OF LAST NOVEMBER, AND
IF THAT APPROACH WERE TO FAIL ALSO, THE I
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